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No. 93-1577

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1994

QUALITEX COMPANY,

Petitioner,

v.

JACOBSON PRODUCTS CO., INC.,

Respondent.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PETITIONER'S BRIEF ON THE MERITS

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QUESTION PRESENTED

Whether the Lanham Act prohibits the registration of color as a trademark.

STATEMENT PURSUANT TO RULE 29.1

As set forth in the Petition for Certiorari, Qualitex Company has no parent or subsidiary companies.

TABLE OF CONTENTS

Page

OPINIONS BELOW 1

JURISDICTION 2

STATUTORY PROVISIONS INVOLVED 2

STATEMENT OF THE CASE 6

SUMMARY OF THE ARGUMENT 11

ARGUMENT 12

I. THE LANHAM ACT DOES NOT PROHIBIT REGISTRATION OF COLOR TRADEMARKS 12

A. THE EXPRESS LANGUAGE OF THE LANHAM ACT PERMITS REGISTRATION OF COLOR AS A TRADEMARK 12

B. THE LEGISLATIVE HISTORY OF THE LANHAM ACT DEMONSTRATES THAT CONGRESS INTENDED REGISTRATION OF COLOR TRADEMARKS 14

C. THE PATENT AND TRADEMARK OFFICE HAS CONSTRUED THE LANHAM ACT TO PERMIT THE REGISTRATION OF COLOR TRADEMARKS 19

II. THE REGISTRATION OF COLOR TRADEMARKS SERVES THE UNDERLYING POLICIES OF THE LANHAM ACT 22

CONCLUSION 28

TABLE OF AUTHORITIES

Page

CASES

Albemarle Paper Co. v. Moody, 422 U.S. 405 (1974) 18

Armstrong Paint & Varnish Works v. Nu-Enamel Corp., 305 U.S. 316 (1938), *reh'g denied*, 305 U.S. 675, (1939) 12, 15, 22

Beech-Nut Packaging Co. v. P. Lorrilard Co., 273 U.S. 629 (1927) 28

British Seagull Ltd. v. Brunswick Corp., 28 U.S.P.Q. 1197 (T.T.A.B. 1993), *aff'd*, 32 U.S.P.Q. 1120 (T.T.A.B. 1994) 19

Caminetti v. United States, 242 U.S. 470 (1917) 14

Campbell Soup Company v. Armour & Co., 175 F.2d 795 (3d Cir.), *cert. denied*, 338 U.S. 847 (1949) 21, 25

Chevron, U.S.A., Inc. v. National Resources Defense Counsel, Inc., 467 U.S. 837, *reh'g denied*, 468 U.S. 1227 (1984) 16, 22

Deere & Co. v. Farmhand, Inc., 560 F. Supp. 85 (S.D. Iowa 1982), *aff'd*, 721 F.2d 253 27

Diamond Match Co. v. Saginaw Match Co., 142 F. 727 (6th Cir.), *cert. denied*, 203 U.S. 589 (1906) 25

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501 U.S. 868 (1991) 14

In re Hodes-Lange Corporation,
167 U.S.P.Q. 255 (T.T.A.B. 1970) 27

In re Owens-Corning Fiberglas Corp.,
774 F.2d 1116 (Fed. Cir. 1985) 12, 14, 16, 26

In re Pollak Steel Co.,
131 U.S.P.Q. 482 (T.T.A.B. 1961),
aff'd, 314 F.2d 566 (C.C.P.A. 1963) 19

In re Shaw, 184 U.S.P.Q. 253 (T.T.A.B. 1975) 19

Inwood Labs, Inc. v. Ives Labs, Inc.,
456 U.S. 844 (1982) 19, 23, 24

Keene Corporation v. United States,
113 S. Ct. 2035 (1993) 18

Kleppe v. New Mexico, 426 U.S. 529 (1976),
reh'g denied, 429 U.S. 873 (1976) 14

K Mart Corp. v. Cartier, Inc.,
486 U.S. 281 (1988) 21

Lorillard, A Division of Loew's
Theatres, Inc. v. Pons, 434 U.S. 575 (1977) 18

Marquette National Bank of Minneapolis v. First of
Omaha Service Corp., 439 U.S. 299 (1978) 25

Master Distributors v. Pako Corp., 986 F.2d 219,
223 (8th Cir. 1993) 27

Miller v. Youakim,
440 U.S. 125 (1978) 25

Mishawaka Rubber & Woolen Mfg. Co. v. S.S.
Kresge Co., 119 F.2d 316 (6th Cir. 1941),
rev'd on other grounds, 316 U.S. 203 (1942) 27

Mishawaka Rubber & Woolen Mfg. Co.
v. S.S. Kresge Co., 316 U.S. 203 (1942),
reh'g denied, 316 U.S. 712 24

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(1978), *reh'g denied*, 439 U.S. 884 (1978) 14

National Labor Relations Board v. United
Food and Commercial Workers Union,
484 U.S. 112 (1987) 21

National Railroad Passenger Corporation v.
Boston and Maine Corporation, 112 S. Ct. 1394 . . . 22

Norfolk and Western Railway Company v.
American Train Dispatchers Association,
499 U.S. 117 (1991) 16

NutraSweet Co. v. Stadt Corp., 917 F.2d 1024
(7th Cir. 1990), *cert. denied*, 499 U.S. 983 (1991)
. . . . . 21, 27

Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.,
469 U.S. 189 (1985) 12, 13, 15, 18, 20,
21, 22, 23, 25, 26

Pauley v. Bethenergy Mines, Inc.,
501 U.S. 680 (1991) 21

Pierce v. Underwood, 487 U.S. 552 (1988) 18

Richards v. United States,
369 U.S. 1 (1962) 13

Rust v. Sullivan,
500 U.S. 173 (1991) 11, 21

Sullivan v. Everhart, 494 U.S. 81 (1990) 16

Two Pesos, Inc. v. Taco Cabana, Inc.,
112 S. Ct. 2753, *reh'g denied*,
113 S. Ct. 20 (1993) 6, 12, 13, 20

STATUTES

15 U.S.C. § 1052 (Lanham Act, Sec. 2) . . 2, 11, 13, 20

15 U.S.C. § 1057 (Lanham Act, Sec. 7) 4, 20, 21

15 U.S.C. § 1062(a) (Lanham Act, Sec. 12) 20

15 U.S.C. § 1063 (Lanham Act, Sec. 13) 20

15 U.S.C. § 1065 (Lanham Act, Sec. 15) 21, 22

15 U.S.C. § 1072 (Lanham Act, Sec. 22) 20, 21

15 U.S.C. § 1114 (Lanham Act, Sec. 32(1)) . . 10, 21, 22

15 U.S.C. §§ 1115(2) (Lanham Act, Sec. 33) 26

15 U.S.C. § 1116(d)(1) (Lanham Act, Sec. 34) . . 21, 22

15 U.S.C. § 1124 (Lanham Act, Sec. 42) 21

15 U.S.C. § 1125(a) (Lanham Act. Sec. 43(a)) . . 10, 20

15 U.S.C. § 1127 (Lanham Act, Sec. 45) . . 5, 11, 12, 16

28 U.S.C. § 1254(1) 2

The Trademark Act of
1905, 33 Stat. 724 et seq.
(codified as amended in
15 U.S.C.) 15

The Trademark Act of 1920,
41 Stat. 534 et seq.
(codified as amended in 15 U.S.C.) 15

North American Free Trade
Implementation Act, Pub. L.
No. 103-182 (107 Stat.) 2057 17

MISCELLANEOUS

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46-47 (Liveright 1947) 26

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The Forty-fifth Year of Administration of the Lanham Act of 1946,
82 Trademark Rep. 1041 (1992) 9, 10

Hearings Before the Joint Committees
on Patents on S. 2679, 68th Cong.,
2d Sess., 95-97 (1925) 12

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North American Free Trade Agreement, 32 I.L.M. 605, 670 (1993) 17

Jeffrey M. Samuels and Linda B. Samuels, *Color Trademarks: Shades of Confusion*, 83 Trademark Rep. 554, 568 (1993) 23

S. Rep. No. 1333, 79th Cong. 2d Sess. 1 (1946) 24

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100th Cong. Rec. S16546 (daily ed. Nov. 19, 1987) 17

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OPINIONS BELOW

The opinion of the United States Court of Appeals for the Ninth Circuit ("Ninth Circuit") is reported at 13 F.3d 1297 (9th Cir. 1994) and is reprinted in the Joint Appendix ("J.A.") at 22a-35a. The decision of the United States District Court for the Central District of California ("District Court") is reported at 21 U.S.P.Q.2d 1457 (C.D. Cal. 1991) and is reprinted at J.A. 6a-19a.

JURISDICTION

The Ninth Circuit entered its decision on January 3, 1994. Neither party requested rehearing. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The statutes involved in this petition are Sections 2, 7(b) and 45 of the Lanham Act, 15 U.S.C. §§ 1052, 1057(b) and 1127, which provide:

15 U.S.C. § 1052 (Lanham Act, Sec. 2) Trademarks Registrable on Principal Register.

No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it--

(a) Consists of or comprises immoral, deceptive, or scandalous matter; or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute.

(b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.

(c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the United States during the life of his widow, if any, except by the written consent of the widow.

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: *Provided*, That if the Commissioner determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce prior to (1) the earliest of the filing dates of the applications pending or of any registration issued under this chapter; (2) July 5, 1947, in the case of registrations previously issued under the Act of March 3, 1881, or February 20, 1905, and continuing in full force and effect on that date; or (3) July 5, 1947, in the case of applications filed under the Act of February 20, 1905, and registered after July 5, 1947. Use prior to the filing date of any pending application or a registration shall not be required when the owner of such application or registration consents to the grant of a concurrent registration to the applicant. Concurrent registrations may also be issued by the Commissioner when a court of competent jurisdiction has finally determined that more than one person is entitled to use the same or similar marks in commerce. In issuing concurrent registrations, the Commissioner shall prescribe conditions and limitations as to the mode or place of use of the mark or the goods on or in connection with which such mark is registered to the respective persons.

(e) Consists of a mark which, (1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them, or (2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 1054 of this title, (3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them, or (4) is primarily merely a surname.

(f) Except as expressly excluded in paragraphs (a), (b), (c), (d), and (e)(3) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Commissioner may accept as prima facie evidence that the mark has become distinctive, as used on or in connection with the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years before the date on which the claim of distinctiveness is made.

* * *

15 U.S.C. § 1057 (Lanham Act, Sec. 7) Certificates of Registration.

(b) Certificate as Prima Facie Evidence.

A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or

services specified in the certificate subject to any conditions or limitations stated in the certificate.

* * *

15 U.S.C. § 1127 (Lanham Act, Sec. 45) Construction and Definitions.

In the construction of this chapter, unless the contrary is plainly apparent from the context--

. . . .

The term "trademark" includes any word, name, symbol or device, or any combination thereof--

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter,

to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

STATEMENT OF THE CASE

Background

For over 30 years, Qualitex has promoted and sold its SUN GLOW® commercial dry cleaning press pad using a fabric cover in a unique green-gold color (J.A. 7a).[1] The color is described by the dye manufacturer as "brass no. 6587" (J.A. 7a).

As a result of long, exclusive use by Qualitex, the District Court found that the green-gold color has acquired secondary meaning (J.A. 8a)[2] and is a strong trademark (J.A. 18a). Qualitex has sold more than 1,000,000 press pads bearing the green-gold trademark and has spent more than $1.6 million in advertising and promoting its press pads, with nearly all of its advertising and promotion since 1970 highlighting the green-gold color (J.A. 8a).[3] The green-gold Qualitex press pad is known to

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[1] *See* color photograph of Plaintiff's Exhibit 80, the Qualitex green-gold press pad (J.A. 4a).

[2] Secondary meaning exists "when a term has acquired distinctiveness in association with particular goods stemming from a single source, such that the term functions as a trademark to identify and distinguish the goods from those of others." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S. Ct. 2753, 2757, *reh'g denied*, 113 S. Ct. 20 (1992).

[3] For instance, from at least 1960 to the present time Qualitex advertised its press pad on a monthly basis in *American Drycleaner Magazine*, the leading trade publication (J.A. 8a). Since at least 1970, the color ads featured the green-gold SUN GLOW® press pad. *Id.* No other advertiser ever ran an ad with that color. *Id.* The District Court found that readers associate the color with Qualitex. *Id.* Qualitex also places ads featuring its green-gold press pad in the *Korean Drycleaners Times*, the *Drycleaners News*, the *Bobbin*, and the *Agent* magazines which are distributed regularly to the dry cleaning and garment industries. *Id.* Qualitex has prepared Bulletins which advertise the SUN GLOW® press pad in the green-gold color, distributes flyers at trade shows and uses various brochures and mailers both in English and

be the best in the business (J.A. 7a). On appeal, the Ninth Circuit reviewed the evidence of secondary meaning and termed it "convincing" (J.A. 34a).

Further, the green-gold color is not a functional part of the Qualitex product (J.A. 17a). The green-gold color is not related in any way to the use, quality, or longevity of the Qualitex product (J.A. 17a). Qualitex could have selected any color to apply to its press pad since other colors are equally useable (J.A. 12a) . In fact, adding this color to the fabric is more expensive than using other colors (J.A. 12a). The green-gold color is used solely to identify Qualitex press pads and distinguish them from those of other manufacturers (J.A. 17a).

Press pads made by Qualitex and its competitors are sold to dry cleaning businesses, laundries, and manufacturers for use on clothing presses (J.A. 7a). Many of these customers have come to recognize and rely on the green-gold color as symbolizing the high quality of Qualitex press pads (J.A. 8a). Some of these customers order the product merely by describing its color. *Id.* Many purchasers of dry cleaning supplies do not speak or read English well (J.A. 7a). The District Court found that such purchasers are unlikely to exercise a sufficiently high degree of care to avoid confusion when they are shown a competitor's pad in an identical color (J.A. 15a).

Qualitex applied to the U.S. Patent and Trademark Office for registration of its green-gold

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Korean promoting its green-gold color. *Id.* Qualitex draped its booths at trade shows with green-gold color materials to further associate the color with Qualitex. *Id.*

trademark on December 26, 1989.[4] In its application, Qualitex set forth evidence of its continuous and exclusive use of the green-gold color as a trademark in order to demonstrate that the color had acquired the distinctiveness necessary to function as a trademark. *See* n.4. After examination and publication for opposition, the Patent and Trademark Office issued to Qualitex Registration No. 1,633,711, dated February 5, 1991, for the color green-gold as applied to press pads and covers for press pads for commercial and industrial presses (J.A. 7a).

Jacobson, the defendant in this case, is a direct competitor of Qualitex, supplying products to the dry cleaning and garment industries (J.A. 11a). Jacobson intentionally copied[5] the appearance of the Qualitex SUN GLOW® pad using a color identical to the Qualitex green-gold trademark[6] (J.A. 10a, 15a) and put an inferior

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[4] A copy of Certificate of Registration No. 1,633,711 was lodged concurrently with the Petition. The particulars of the trademark application from which Registration No. 1,633,711 issued are published at Official Gazette of the United States Patent Office, Aug. 14, 1990, at TM 62.

[5] In 1989, Jacobson decided to manufacture its own press pad in a green-gold color identical to that of Qualitex (J.A. 9a). Jacobson showed a swatch of the Qualitex green-gold fabric to a supplier, and requested that the supplier obtain the same green-gold fabric for Jacobson's press pads. *Id.* Jacobson's supplier obtained "seconds" of the Qualitex green-gold fabric from Qualitex's supplier. *Id.* After exhausting the fabric obtained from Qualitex's supplier and finding that it was unable to obtain more from that source, Jacobson used a list of 200 fabric mills to find a supplier who would analyze and duplicate the dye used to create the green-gold color and supply identically colored fabric to Jacobson (J.A. 10a).

[6] *See* color photograph of Plaintiff's Exhibit 18, Jacobson's green-gold press pad (J.A. 5a).

pad into the marketplace bearing the copied mark (J.A. 112).[7]

Until Jacobson copied Qualitex's green-gold color in 1989, Qualitex was the only company in the dry cleaning supply industry to manufacture and sell press pads bearing its unique green-gold color (J.A. 9a). For decades, other dry cleaning suppliers have manufactured press pad covers and dry cleaning supplies using colors other than Qualitex's green-gold to distinguish their products (J.A. 8a). These colors have included lime green, grey, dark green, light blue, orange, peach, blue/grey and other colors. *Id.* Thus, colors were used in the dry cleaning industry without confusion until Jacobson copied the color of the Qualitex pad.

At trial, Qualitex presented evidence from a survey in which people in the dry cleaning industry were shown the Jacobson press pad and asked what company made the pad (J.A. 12a).[8] Thirty-nine percent identified the Jacobson pad as being made by Qualitex, while not a single respondent answered that it was a Jacobson pad. *Id.* When

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[7] The District Court found that the components of the Jacobson pad are inferior to the Qualitex pad (J.A. 11a). Among other things: Qualitex cover cloth is constructed of 210 denier industrial yarn which is stronger and lasts longer than the 200 denier wearing apparel yarn used by Jacobson; Qualitex uses a 55 lb. rubber which is a heavier weight than the 33 lb. rubber used by Jacobson in its press pad; Qualitex uses a long strand fiberglass which has an ability to dissipate heat quicker without deterioration as compared to the short-strand fiberglass used by Jacobson; Qualitex uses a heavier weight white bottom cloth on its press pad which will last longer than the lighter weight bottom cloth used by Jacobson (J.A. 11a). Not surprisingly, the Jacobson pad will not last as long as the Qualitex pad. *Id.*

[8] In a review of surveys introduced in trademark cases during 1991, the Qualitex survey was described as "perhaps the soundest survey" of the year. Anthony L. Fletcher & David J. Kera, *The Forty-Fifth Year of Administration of the Lanham Trademark Act of 1946*, 82 Trademark Rep. 1041, 1196 (1992).

asked what made them think that Qualitex made the Jacobson pad, many replied, "the color." *Id.*

Proceedings Below

Qualitex sued Jacobson for unfair competition and trade dress infringement in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), as well as ancillary state claims. After issuance of its registration, Qualitex supplemented the complaint to add a count for infringement of its registered trademark in violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114 (J.A. 1a). Jacobson filed a counterclaim for cancellation of Qualitex's registered trademark. *Id.* After a trial, the District Court held that Jacobson had infringed Qualitex's registered trademark and that Jacobson had failed to prove that the trademark was invalid (J.A. 14a). Jacobson was also found to be liable for trade dress infringement and unfair competition in violation of Section 43(a) (J.A. 16a). Jacobson was permanently enjoined from copying the green-gold press pad and damages were awarded to Qualitex (J.A. 18a).

On Appeal, the Ninth Circuit reviewed *de novo* the decision of the District Court (J.A. 26a) and held that the registration issued by the Patent and Trademark Office should be cancelled (J.A. 35a). The Ninth Circuit acknowledged that registration of mere color is not explicitly barred by the Lanham Act (J.A. 26a), but nonetheless concluded the "better rule" is that a trademark should not be registered for color alone (J.A. 28a). For this reason, the Ninth Circuit reversed the District Court's judgment on Jacobson's counterclaim for cancellation of Qualitex's trademark registration and on infringement of Qualitex's registered trademark (J.A. 35a). The District Court's decision regarding Jacobson's violation of Section 43(a) and the damage award was affirmed. *Id.*

SUMMARY OF THE ARGUMENT

The express language of the Lanham Act permits registration of color as a trademark. The definition of trademark includes "any word, name, symbol, or device" used to identify and distinguish one company's goods from those of others and to indicate the source of the goods. 15 U.S.C. § 1127. None of the statutory exceptions to registration prohibit registration of color where it functions as a trademark. *See* 15 U.S.C. § 1052.

The legislative history of the Lanham Act supports registration of color trademarks. Congress deliberately chose to broadly define the term "trademark." In 1988, when considering whether that definition should be changed, Congress retained the broad language of that definition to continue the existing practice of registering color marks.

The Patent and Trademark Office construes the Lanham Act to permit registration of colors in appropriate circumstances and issued a registration to Qualitex for its green-gold mark.[9] Construction of a statute by an agency charged with administration of the statute may not be disturbed as an abuse of discretion it if reflects a plausible construction of the plain language of the statute and does not conflict with Congress' expressed intent. *Rust v. Sullivan,* 500 U.S. 173, 184 (1991).

Registration of color trademarks serves the purposes of the Lanham Act by recognizing and protecting indicia of source on which consumers rely. Enforcement of such trademarks poses no more difficult problems than any other kind of trademark and serves the policies underlying the Lanham Act.

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[9] *See* n.4, *supra.*

ARGUMENT

I. THE LANHAM ACT DOES NOT PROHIBIT REGISTRATION OF COLOR TRADEMARKS

A. THE EXPRESS LANGUAGE OF THE LANHAM ACT PERMITS REGISTRATION OF COLOR AS A TRADEMARK

The Lanham Act defines "trademark" to include "any word, name, symbol, or device . . . used by a person . . . to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown." 15 U.S.C. § 1127. Color is plainly encompassed by this definition where it identifies and distinguishes a product and indicates source.

If a mark is capable of being or becoming distinctive of applicant's goods in commerce, then it is capable of serving as a trademark. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 112 S.Ct. 2753, 2757 (1992); *Armstrong Paint & Varnish Works v. Nu-Enamel Corp.*, 305 U.S 315, 329-36 (1938), *reh'g denied*, 305 U.S. 675 (1939); *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1120 (Fed. Cir. 1985). Congress broadly defined trademark "in order that registrations of marks used in a trademark sense shall be encouraged." Registration of Trademarks, Hearings Before the Joint Committees on Patents on S. 2679, 68th Cong., 2d Sess., 95-97 (1925). Sound public policy requires that trademarks should receive nationally the greatest protection that can be given them. *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S., 189, 193 (1985) (quoting S. Rep. No. 1333, 79th Cong. 2d Sess., 5 (1946)).

Consistent with this principle, Section 2 of the Lanham Act provides that, "[N]o trademark by which the

goods of the applicant may be distinguished from the goods of others shall be refused registration" unless the mark falls within certain statutory exceptions.[10] 15 U.S.C. § 1052. None of the exceptions prohibit registration of color where it functions as a trademark.

Statutory construction must begin with the language employed by Congress and the assumption that the ordinary meaning of that language accurately expresses the legislative purpose. *Park 'N Fly*, 469 U.S. at 194 (citing *American Tobacco Co. v. Patterson*, 456 U.S. 63, 68 (1981)); *Richards v. United States*, 369 U.S. 1, 9 (1962). *See also Two Pesos*, 112 S.Ct. at 2760. Color clearly can be a symbol or device used to identify and distinguish one party's goods from another's and to indicate source. By the plain language of the Lanham Act, color should be registrable as a trademark when it serves those purposes.

Since Qualitex's green-gold color functions as a trademark, it was properly registered. Both the Patent and Trademark Office (J.A. 7a) and the District Court (J.A. 8a) found that the green-gold color identifies and distinguishes Qualitex's press pads from those of its competitors.

The Ninth Circuit found no error in the conclusions of the Patent and Trademark Office and the District Court that the green-gold color in fact functions as a trademark (J.A. 32a-35a). Further, the Ninth Circuit acknowledged that the language of the Lanham Act does not explicitly bar registration of color (J.A. 26a). Nonetheless, the Ninth Circuit believed "the better rule is that a

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[10] The exceptions are (a) scandalous or immoral matter, (b) national symbols such as the U.S. flag, (c) the name or portrait of a living person without consent, (d) marks which are confusingly similar to previously registered marks, and (e) marks which are merely descriptive, geographically descriptive, or deceptively misdescriptive. *See* 15 U.S.C. § 1052(a)-(c). None of these exceptions apply here.

trademark should not be registered for color alone" (J.A. 28a). This rule has no statutory basis or support.

A court may not substitute its opinion of what the law should be for the unambiguous language of a statute.[11] *Freytag v. Commissioner of Internal Revenue*, 501 U.S. 868, 873 (1991); *Mobil Oil Corp. v. Higginbotham*, 436 U.S. 618, 625-626, *reh'g denied*, 439 U.S. 884 (1978); *Kleppe v. New Mexico*, 426 U.S. 529, 541 n. 10, *reh'g denied*, 429 U.S. 873 (1976). As this Court long ago stated:

> It is elementary that the meaning of a statute must, in the first instance, be sought in the language in which the [A]ct is framed, and if that is plain, and if the law is within the constitutional authority of the law-making body which passed it, the sole function of the courts is to enforce it according to its terms.

Caminetti v. United States, 242 U.S. 470, 485 (1917). The Ninth Circuit's decision, in clear conflict with the plain language of the Lanham Act, is erroneous.

B. THE LEGISLATIVE HISTORY OF THE LANHAM ACT DEMONSTRATES THAT CONGRESS INTENDED REGISTRATION OF COLOR TRADEMARKS

Congress adopted the Lanham Act and predecessor federal trademark acts to provide national

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[11] The Ninth Circuit indicated that it was concerned with "shade confusion" because it "could present unnecessary problems" (J.A. 28a). However, there is no statutory basis for denying registration of a trademark for this reason. The difficulty of distinguishing between color marks is not necessarily any different than that presented by other types of trademarks. *In re Owens-Corning*, 774 F.2d at 1123. *See* p. 26-27, *infra*.

protection for trademarks used in commerce. *Park 'N Fly*, 469 U.S. at 193. Prior to the Lanham Act, the legislative history of U.S. statutory trademark law demonstrates a consistent congressional policy of broadly defining trademark rights to protect both consumers and trademark owners. In the Trade-Mark Act of 1920,[12] Congress amended the 1905 Act[13] with the obvious purpose of widening what is eligible to serve and be registered as a trademark. *Armstrong Paint & Varnish Works v. Nu-Enamel Corporation*, 305 U.S. 315, 330 (1938), *reh'g denied*, 305 U.S. 675 (1939). For example, these amendments permitted descriptive terms which had acquired secondary meaning to be registered and protected. *Id.* In *Armstrong*, this Court held that the district court erred in failing to enforce such a mark because the decision was not supported by the plain language of the 1920 Act and the construction of that Act by the Patent Office. *Id.*

The Lanham Act was enacted in 1946 to further modernize trademark law. *Park 'N Fly*, 469 U.S. at 193. The broad definition of "trademark" found in the 1946 Lanham Act is consistent with Congress' view that national protection of indicia which function as trademarks is desirable "in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing products." *Id.* at 198. Indeed, Congress considered and rejected a definition of "trademark" narrower than that of prior Acts, which would have precluded registration of descriptive terms that had acquired secondary meaning. *Id.* at 197 (citing H.R. Conf. Rep. No. 2322, 79th Cong., 2d Sess., 4 (1946)). Instead, Congress determined to permit registration of *any*

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[12] The Trademark Act of 1920, 41 Stat. 534 *et. seq.* (codified as amended in 15 U.S.C.).

[13] The Trademark Act of 1905, 33 Stat. 724 *et. seq.* (codified as amended at 15 U.S.C. 1124).

indicia which function as trademarks, including, but not limited to, words, names, symbols, or devices. 15 U.S.C. § 1127 (emphasis added).

If the intent of Congress is clear, that is the end of the matter; for a court as well as an agency must give effect to the unambiguously expressed intent of Congress. *Chevron, U.S.A., Inc. v. National Resources Defense Counsel, Inc.*, 467 U.S. 837, 842-43, *reh'g denied*, 468 U.S. 1227 (1984). *See also Norfolk and Western Railway Company v. American Train Dispatchers Association*, 499 U.S. 117, 128 (1991); *Sullivan v. Everhart*, 494 U.S. 81, 89 (1990).

The legislative history of the Trademark Law Revision Act of 1988 ("TLRA"), a law further modernizing the Lanham Act, reinforces Congress' intention to permit registration of marks such as color. Three years prior to enactment of the TLRA, the Court of Appeals for the Federal Circuit recognized that color could be registered as a trademark in appropriate circumstances. *In re Owens-Corning Fiberglas Corporation*, 774 F.2d 1116 (Fed. Cir. 1985). Indeed, by the time the TLRA was enacted, the Patent and Trademark Office had registered a number of color trademarks.[14] In addition to this background, Congress

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[14] *See, e.g.*, Reg. No. 156,609, dated July 11, 1922, for red as applied to U-bolts for rope clamps; Reg. No. 310,765, dated July 5, 1966, for the color gold as applied to safety hook latches; Reg. No. 1,271,312, dated March 20, 1984, for the color silver or gray as applied to plastic jugs for commercial use; Reg. No. 1,438,035, dated April 28, 1987, for green as applied to pipe insulation; Reg. No. 1,438,029, dated April 28, 1987, for blue as applied to plastic tubing used to contain electrical conductors and electrical systems; Reg. No. 1,435,400, dated April 7, 1987, for yellow as applied to ear plugs; Reg. No. 1,439,132, dated May 12, 1987, for pink as applied to fibrous glass residential insulation; Reg. No. 1,432,069, dated March 10, 1987, for the color yellow as applied to water slide toys; Reg. No. 1,447,706, dated July 14, 1987, for the color orange as applied to inserts for finger holes in bowling balls.

had the benefit of an exhaustive study by the United States Trademark Association[15] examining the effectiveness of U.S. trademark systems.[16] *The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors*, 77 Trademark Rep. 375 (1987). The USTA Commission determined that the subject matter which has historically qualified as a trademark should not be limited in any way and that the definition of "trademark" should not preclude registration of "such things as a color, shape, smell, sound, or configuration." *Id.* at 421.

The issue of color registration raised by the Commission Report, the *Owens-Corning* case, and current Patent and Trademark Office practice was clearly before Congress when it considered the TLRA. Congress amended the Act's definition of "trademark" in light of other TLRA provisions, but "intentionally retained . . . the words 'symbol or device' *so as not to preclude registration of colors*, shapes, sounds or configurations where they function as trademarks."[17] S. Rep. No. 515, 100th Cong., 2d Sess.,

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[15] Now the International Trademark Association.

[16] 100th Cong. Rec. S16546 (daily ed. Nov. 19, 1987)(statement of Sen. DeConcini)("I am pleased to have the benefit of the Commission's study, which is the most comprehensive review of the trademark system that I am aware of in the last half century.")

[17] This intention has been more recently confirmed by Congress' approval of the Intellectual Property provisions of the North American Free Trade Agreement, which provides that:

> For purposes of this Agreement, a trademark consists of any sign, or combination of signs, capable of distinguishing the goods or services of one person from those of another, including personal names, designs, letters, numerals, *colors*, figurative elements, or the shape of goods or their packaging. . . .

44 (1989), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5607 (emphasis added).[18] Thus Congress tacitly approved both the holding of *Owens-Corning* and the existing practice of registering color trademarks.

Where Congress has the opportunity to amend a statute to change judicial interpretation and does not do so, a strong inference arises that the judicial interpretation is in accord with congressional intent. *Lorillard, A Division of Loew's Theatres, Inc. v. Pons*, 434 U.S. 575, 580 (1977); *Albemarle Paper Co. v. Moody*, 422 U.S. 405, 414 (1974). *See also Keene Corporation v. United States*, 113 S.Ct. 2035, 2043 (1993); *Pierce v. Underwood*, 487 U.S. 552, 567 (1988).

Even without an explicit statement of congressional intent, the case for registration of color trademarks is strong, based upon the plain language of the Lanham Act. Here, however, this Court has the benefit of the expressed intention of Congress that colors are to be included among the indicia which may be registered as trademarks under the Lanham Act. The Ninth Circuit's decision is contrary not only to the plain language of the statute, but also to the clearly expressed intention of Congress.[19]

North American Free Trade Agreement, Dec. 17, 1992, Art. 1708(1) 32 I.L.M. 605, 670 (1993) implemented by the North American Free Trade Implementation Act, Pub. L. No. 103-182, 1993 U.S.C.C.A.N. (107 Stat.) 2057 (emphasis added).

[18] This directly reflects the recommendations made by the Trademark Review Commission of the United States Trademark Association. 77 Trademark Rep. at 421.

[19] As in *Park 'N Fly*, the Ninth Circuit did not attempt to justify its decision by reference to the language or legislative history of the Lanham Act. 469 U.S. at 203. This Court is again presented with a decision in which the Ninth Circuit has ignored a similar harmony of statutory language and congressional intent in the trademark arena.

C. THE PATENT AND TRADEMARK OFFICE HAS CONSTRUED THE LANHAM ACT TO PERMIT THE REGISTRATION OF COLOR TRADEMARKS

Following the language of the Lanham Act and congressional policy, the Patent and Trademark Office has registered color trademarks when the statutory criteria are met[20] and refused registration when they are not.[21] The usual safeguards prohibiting registration of indicia which do not function as trademarks apply. A color must avoid falling into one of the exceptions to registration set forth in Section 2 of the Lanham Act,[22] must have acquired secondary meaning,[23] and must not be a functional feature of the product.[24]

The Patent and Trademark Office requires the applicant to submit substantial evidence that the proposed color mark qualifies:

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[20] *See* n.14, *supra*.

[21] *See, e.g., British Seagull Ltd. v. Brunswick Corp.*, 28 U.S.P.Q. 1197 (T.T.A.B. 1993) (Refusing to register black for outboard marine engines where the color was functional and lacked secondary meaning), *aff'd*, 32 U.S.P.Q. 1120 (T.T.A.B. 1994); *In re Shaw*, 184 U.S.P.Q. 253 (T.T.A.B. 1975) (Refusing to register green for book covers because it was not distinctive); *In re Pollak Steel Co.*, 131 U.S.P.Q. 482 (T.T.A.B. 1961), *aff'd*, 314 F.2d 566 (C.C.P.A. 1963) (Refusing to register silver reflective coating for fence posts because the coating was functional).

[22] *See* n.10, *supra*.

[23] *See* n.2, *supra*.

[24] "[A] product feature is functional if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." *Inwood Laboratories v. Ives Laboratories*, 456 U.S. 844, 850 n.10 (1982) (citations omitted).

> The burden of proof in such a case is substantial. . . [W]here the applicant seeks registration for overall color, registration is refused irrespective of any showing of acquired distinctiveness if there is a competitive need for colors to remain available in the industry. . . If the proposed mark identifies a color which is functional, it is not registrable . . .

Trademark Manual of Examining Procedure, § 1202.04(e) (2d Ed. 1993).

Qualitex met this substantial burden by clearly establishing that its color had become distinctive of its goods in commerce (J.A. 8a); that there was no competitive need for the color to remain available in the press pad industry (J.A. 12a); and that the color was not a functional feature of its press pads (J.A. 17a). Having determined that the green-gold color functions as a trademark for Qualitex's press pads, the Patent and Trademark Office registered the mark. (J.A. 72)[25] The registration is *prima facie* evidence of the validity the mark.[26] 15 U.S.C. § 1057.

The findings of the Patent and Trademark Office were subjected to a full trial before the District Court. The court concurred that the green-gold color had acquired secondary meaning (J.A. 16a), was non-functional (J.A. 17a), and that there is no competitive need in the industry

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25 *See* n.4, *supra*.

26 By statute, the registration process requires that the mark be published, 15 U.S.C. § 1062(a), permits others to oppose registration of the mark, 15 U.S.C. § 1063, and provides notice of the claim of ownership, 15 U.S.C. § 1072. *See Park 'N Fly*, 469 U.S. at 202. Protecting color trademarks only under Section 43(a), as suggested by the Ninth Circuit, would not permit operation of these important safeguards.

for Qualitex's green-gold color (J.A. 12a).[27] Despite finding no error in the factual findings of the Patent and Trademark Office and District Court, the Ninth Circuit determined that the registration of Qualitex's green-gold mark should be cancelled (J.A. 35a). No other court has ever cancelled a trademark registration merely because the mark consists of a color.[28]

Construction by an agency charged with administration of a statute "may not be disturbed as an abuse of discretion if it reflects a plausible construction of the plain language of the statute and does not otherwise conflict with Congress' expressed intent." *Rust v. Sullivan*, 500 U.S. 173, 184 (1991). *See National Railroad Passenger Corporation v. Boston and Maine Corporation*, 112 S. Ct. 1394, 1401 (1992); *Pauley v. Bethenergy Mines, Inc.*, 501

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27 The Ninth Circuit found, *inter alia*, that "it was not error for the district court to conclude that 'there is no competitive need for the green-gold color . . .'" (J.A. 32a).

28 Courts denying trademark protection for color have only considered common law trademark claims. *See, e.g., NutraSweet Co. v. Stadt Corp.*, 917 F.2d 1024 (7th Cir. 1990), *cert. denied*, 499 U.S. 983 (1991); *Campbell Soup Company v. Armour & Co.*, 175 F.2d 795 (3d Cir.), *cert. denied*, 338 U.S. 847 (1949). None have addressed the present issue. The Ninth Circuit's claim that § 43(a) provides adequate protection is faulty. Without registration, a trademark owner loses: (1) *prima facie* evidence of the validity of the mark, of ownership of the mark, and of the registrant's exclusive right to use the mark in commerce, 15 U.S.C. § 1057(b); (2) constructive notice throughout the United States of the owner's claim to ownership, 15 U.S.C. § 1072, *Park 'N Fly*, 469 U.S. at 202; (3) the opportunity to prevent the importation of counterfeit goods by recording a registered mark with the Department of the Treasury, 15 U.S.C. § 1124, *K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281 (1988); (4) the operation of Section 15 of the Lanham Act which renders a registration incontestable after five years of continuous use, 15 U.S.C. § 1065, *Park'n Fly*, 469 U.S. at 205; and (5) the option to take action pursuant to Section 34(d)(1) of the Lanham Act regarding use of counterfeit marks, 15 U.S.C. § 1116(d)(1). Further, there is no basis for suggesting that protection under Section 43(a) precludes protection under Section 32, 15 U.S.C. § 1114.

U.S. 680, 684 (1991); *National Labor Relations Board v. United Food and Commercial Workers Union*, 484 U.S. 112, 123, 133-34 (1987); *Chevron, U.S.A.*, 467 U.S. at 843. The determination of the Patent and Trademark Office to register a mark has long been subject to such deference. *Armstrong Paint & Varnish Works v. Nu-Enamel Corp.*, 305 U.S. 316, 331 (1938), *reh'g denied*, 305 U.S. 675 (1939). *Cf. Park 'N Fly*, 469 U.S. 189. Courts are thus required to defer to such construction by an agency.

The Ninth Circuit failed entirely to demonstrate that the Patent and Trademark Office decision to register the green-gold mark does not reflect a plausible construction of the Lanham Act or that the decision conflicts with congressional intent. Rather, the Ninth Circuit tacitly acknowledged that permitting registration of color is a plausible construction of the Lanham Act since "registration of mere color is not explicitly barred by the Lanham Act . . ." (J.A. 26a). Nonetheless, the Ninth Circuit determined to review *de novo* the question of whether Qualitex's green-gold color qualifies for registration under the Act without any deference whatsoever to the determination of the Patent and Trademark Office in registering the mark. *Id.*

By cancelling the Qualitex registration simply because the mark consists of a color, the Ninth Circuit impermissably ignored the controlling language of the Lanham Act, its legislative history, the congressional policy of uniform national trademark protection, and the Patent and Trademark Office's decision to register the mark.

II. THE REGISTRATION OF COLOR TRADEMARKS SERVES THE UNDERLYING POLICIES OF THE LANHAM ACT

When color distinguishes competing goods or services and otherwise functions as a trademark, the interests of consistency and predictability are promoted by

federal trademark registration. *See The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors*, 77 Trademark Rep. 375, 421 (1987).

As a policy matter, color alone should be eligible for federal trademark protection. *See* Jeffrey M. Samuels & Linda B. Samuels, *Color Trademarks: Shades of Confusion*, 83 Trademark Rep. 554, 568 (1993); Brian Richard Henry, *Right Hat, Wrong Peg: In re Owens Corning-Fiberglas Corporation and the Demise of the Mere Color Rule*, 76 Trademark Rep. 389 (1986); Anthony V. Lupo, *The Pink Panther Sings the Blues: Is Color Capable of Trademark Protection?*, 21 Mem. St. U. L. Rev. 637 (1992); Andrew W. Coleman, *Color as Trademarks: Breaking Down the Barriers of the Mere Color Rule*, 74 J. Pat. & Trademark Off. Soc'y 345 (1992); Lawrence B. Ebert, *Trademark Protection in Color: Do It by the Numbers*! 84 Trademark Rep. 379 (1994).

Failure to protect indicia on which consumers rely to obtain the product they desire will result in confusion as counterfeit products freely enter the market.[29] Congress intended to avoid this result. *See Park 'N Fly*, 189 U.S. at 198. Recognizing and protecting ornamentation and other devices which identify product source as trademarks aids

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[29] *See Inwood Labs, Inc. v. Ives Labs, Inc.*, 456 U.S. 844, 854 n.14 (1982) (A trademark infringer "deprives" consumers of their ability to distinguish among the goods of competing manufacturers).

competition and protects consumers.[30] As Justice Frankfurter summarized:

> The protection of trade-marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of the mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same -- to convey through the mark, in the minds of customers, the desirability of the commodity upon which it appears. Once this is attained, the owner has something of value.

Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205, *reh'g denied*, 316 U.S. 712 (1942). As the facts of this case show, Qualitex uses its color trademark to draw purchasers to select its quality product. Qualitex has made a significant, successful effort to imbue the marketplace for dry cleaning supplies with the drawing power of this trademark. As the District Court concluded, "[t]he duration of its exclusive use of the green-gold color on its press pad, the significant amount of sales for over 30 years, and the 'image advertising' of the pad by Qualitex,

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30 The Senate Committee on Patents stated in the Report to Congress on the Lanham Act that one purpose underlying any trademark statute "is to protect the public so it may be confident that in purchasing a product bearing a particular trademark which it favorably knows, it will get the product which it asks for and wants to get" S. Rep. No. 1333, 79th Cong. 2d Sess. 1 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274.

including consumers' awareness of that advertising as stated above, all demonstrate that the Qualitex press pad has acquired secondary meaning" (J.A. 16a).

The only arguments advanced by the Ninth Circuit against treating color like any other device which can function as a trademark are based solely on its view of the better policy. Such arguments are properly addressed to the Congress, not to the courts. *Marquette National Bank of Minneapolis v. First of Omaha Service Corp.*, 439 U.S. 299, 319 (1978); *Miller v. Youakim*, 440 U.S. 125, 142 n. 21 (1978). The court's responsibility "is not to evaluate the wisdom of the legislative determinations reflected in the statute, but instead to construe and apply the provisions that Congress enacted." *Park 'N Fly*, 469 U.S. at 203.

There is no policy basis for a *per se* rule against the registration of color where it functions as a trademark. There is no realistic danger that, as some have claimed, color would be "depleted."[31] As the District Court found, "[T]here are hundreds or thousands of distinctive shades of greens, yellows, blues and browns or tans available to the competitors without danger that recognizing Qualitex's green-gold trademark would hinder competition" (J.A.

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31 The Ninth Circuit recognized that there are countless shades of colors that could not be depleted (J.A. at 372). The Ninth Circuit thus eschewed the color depletion argument articulated by the Third Circuit in *Campbell Soup Company v. Armour & Co.*, 175 F.2d 795, 798 (3d Cir.), *cert. denied*, 338 U.S. 847 (1949) ("If [one manufacturer] may thus monopolize red in all its shades the next manufacturer may monopolize orange in all its shades and the next yellow in the same way. Obviously, the list of colors will soon run out."). *See Diamond Match Co. v. Saginaw Match Co.*, 142 F. 727 (6th Cir.), *cert. denied*, 203 U.S. 589 (1906). However, the *Campbell Soup* case did not address the question of color registration under the Lanham Act. Rather, the case dealt with an over-reaching plaintiff's attempt to broadly enforce a claimed common law right in a primary color. At best, this is an argument against an overly broad infringement claim, not a basis for a *per se* rule barring a color registration.

14a). *See also* Louis Cheskin, *Colors: What They Can Do For You* 46-47 (Liveright 1947). The District Court further found that there was no competitive need on the part of press pad manufacturers for the green-gold color since other colors are equally usable (J.A. 12a). In fact, "for decades, other [press pad] manufacturers have used the colors lime green, gray, dark green, light blue, orange, peach, blue/gray and other colors on their press pads" (J.A. 8a).[32]

Further, by permitting registration of color trademarks where appropriate, the procedures of the Patent and Trademark Office can and do appropriately safeguard against the appropriation of color when it does not function as a trademark or when there is a competitive need for a particular color to remain available.[33] The application and registration process provides for public notice of such claims and an opportunity to challenge applications. *Park 'N Fly*, 469 U.S. at 202. This promotes consistency and predictability in the marketplace.

Nor is the Ninth Circuit's concern that "[d]rawing distinctions between close shades of color could present unnecessary problems" a reason for cancelling Qualitex's registration (J.A. 28a). 13 F.3d at 1302. Determining whether two shades of color are so similar as to be likely to confuse consumers should prove no more difficult than determining whether two examples of any other type of protectable mark are likely to cause confusion. *Owens-Corning*, 774 F.2d at 1123. When the only difference between marks is the color involved, courts and the Patent and Trademark Office have little difficulty

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[32] *See* n.27, *supra*.

[33] Of course, if any registration threatens economic competition, §§ 33(a) and (b)(7), 15 U.S.C. §§ 1115(2) and (b)(7), provide a defense on the grounds that the mark is being used to violate federal antitrust laws. *See Park 'N Fly*, 469 U.S. at 201-802.

distinguishing colors. *See, e.g., In re Hodes-Lange Corporation*, 167 U.S.P.Q. 255 (T.T.A.B. 1970) (finding confusion unlikely between a gold band and a yellow band); *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 119 F.2d 316 (6th Cir. 1941), *rev'd on other grounds*, 316 U.S. 203, *reh. denied*, 316 U.S. 712 (1942) (finding no likelihood of confusion between a red ball design and a ball design of a different color). The supposed problem of distinguishing between colors is mere judicial conjecture.[34] Here the District Court expressed no problem in determining that Jacobson had, at great pains, infringed Qualitex's unique green-gold color (J.A. 9a-10a).

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[34] Courts and commentators that have expressed concern over shade confusion have been unable to cite any instances where the trier of fact was incapable of discerning different colors. *See NutraSweet Co. v. Stadt Corp.*, 917 F.2d 1024 (7th Cir. 1990), *cert. denied*, 499 U.S. 983 (1991); J. Thomas McCarthy, *Trademarks and Unfair Competition*, § 7.16[2] (3d ed. 1993). The dissent in *Owens-Corning* cited only one discussion of "shade confusion" by a trial court: *Deere & Co. v. Farmhand, Inc.*, 560 F.Supp. 85 (S.D. Iowa 1982), *aff'd*, 721 F.2d 253 (8th Cir. 1983). However, the *Deere* court did not itself encounter any shade comparison difficulty, but simply speculated that it might cause a problem. *Id.* at 97, n.20. The 8th Circuit, which affirmed the *Deere* court's decision on the issue of functionality, expressed no concern with "shade confusion" in the later case, *Master Distributors v. Pako Corp.*:

> Although protecting particular shades of color may result in some shade confusion problems, we agree that "'deciding likelihood of confusion among color shades . . . is no more difficult or subtle than deciding likelihood of confusion where word marks are involved.'" . . . Triers of fact must often answer close and difficult questions, and the traditional likelihood of confusion standard should be applied to distinguish similar colors as it is when similar slogans, symbols, numbers, or words are compared.

986 F.2d 219, 223 (8th Cir. 1993) (citation omitted) (quoting *Owens-Corning*, 774 F.2d at 1123). Since courts often answer close and difficult questions, they can address color trademark questions without a *per se* rule against registration.

The Ninth Circuit erred in attempting to set its own policy for trademark law. As demonstrated above, sound trademark policy supports the registration of color as trademarks. A trademark "is a distinguishable token devised or picked out with the intent to appropriate it to a particular class of goods and with the hope that it will come to symbolize good will." *Beech-Nut Packaging Co. v. P. Lorrilard Co.*, 273 U.S. 629, 632 (1927) (Holmes, J.). Permitting registration of color trademarks furthers and does not frustrate the sound policy underlying the Lanham Trademark Act.

CONCLUSION

As shown above, the Lanham Act does not prohibit the registration of color as a trademark. The express language of the Lanham Act permits registration of color as a trademark, where appropriate. The legislative history of the Lanham Act and statutory trademark law in the United States show that Congress considered this question and decided that registration of color is appropriate. The Patent and Trademark Office has registered Qualitex's green-gold trademark and this registration should not be disturbed since it reflects a proper construction of the plain language of the statute and does not conflict with Congress' expressed intent. Registration of Qualitex's color trademark in fact serves the underlying policies of the Lanham Act.

For the above reasons, this Court should reverse the mandate of the Ninth Circuit which ordered cancellation of Qualitex's federal registration.

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